

Do I Have to File?

Steps to Determine Filing Requirement

(If you are a nonresident of California and received income in 2006 with sources in California, follow the instructions below. For more details see page 6 in the 540NR Nonresident Booklet.)

Step 1: Is your gross income (gross income is computed under California law and consists of all income you received from all sources in the form of money, goods, property, and services, that is not exempt from tax) more than the amount shown in the California Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 2.

Step 2: Is your adjusted gross income (adjusted gross income is computed under California law and consists of your federal adjusted gross income from all sources, reduced or increased by all California income adjustments) more than the amount shown in the California Adjusted Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, you do not have a filing requirement.

Note: Active duty military personnel, get FTB Pub. 1032, Tax Information for Military Personnel.



File a return in order to get a refund if California state income tax was withheld from your pay, if you made California estimated tax payments, or you have earned income and qualify for the child and dependent care expenses credit (get form FTB 3506).

On 12/31/06, my filing status was:	and on 12/31/06, my age was (If your 65th birthday is on January 1, 2007, you are considered to be age 65 on December 31, 2006)	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household	Under 65 65 or older	13,713 18,263	23,213 25,388	30,338 31,088	10,970 15,520	20,470 22,645	27,565 28,345
Married filing jointly Married filing separately (The income of both spouses must be combined; both spouses may be required to file a return even if only one spouse had income over the amounts listed.)	Under 65 (both spouses) 65 or older (one spouse) 65 or older (both spouses)	27,426 31,976 36,526	36,926 39,101 43,651	44,051 44,801 49,351	21,940 26,490 31,040	31,440 33,615 38,165	38,565 39,315 43,865
Qualifying widow(er)	Under 65 65 or older		23,213 25,388	30,338 31,088		20,470 22,645	27,595 28,345
Dependent of another person Any filing status	Any age	More than your standard deduction (Use the California Standard Deduction Worksheet for Dependents on page 16 to figure your standard deduction.)					

Requirements for Children with Investment Income

Federal law allows parents' election to report a child's interest and dividend income from a child under age 18 on their return. California allows you to report your child's interest and dividend income on your return if they are under age 14. For each child under age 14 who received more than \$1,700 of investment income in 2006, complete Form 540NR and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540NR for your child.

Note: If you qualify, you may elect to report your child's income of \$8,500 or less (but not less than \$850) on your return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. To make this election, your child's income must be **only** from interest and/or dividends. See "Order Forms and Publications" on page 59 or go to our Website at www.ftb.ca.gov.

Other Situations When You Must File

If you owe any of the following taxes for 2006, you must file Long Form 540NR.

- Tax on a lump-sum distribution;
- Tax on a qualified retirement plan including an Individual Retirement Arrangement (IRA) or an Archer Medical Savings Account (MSA);
- Tax for children under age 14 who have investment income greater than \$1,700 (see paragraph above);
- Alternative minimum tax;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution from a trust.

Filing Status

Use the same filing status for California that you used for your federal income tax return.

Exception: If you file a joint return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2006; or
- A nonresident for the entire year and had no income from California sources during 2006.

Caution – Community Property States: If the spouse earning the California source income is domiciled in a community property state, community income will be split equally between the spouses. Both spouses will have California source income and they will not qualify for the nonresident spouse exception. If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

Single – If any of the following was true on December 31, 2006:

- You were never married;

- You were either divorced under a final decree of divorce or legally separated under a final decree of legal separation; or
- You were widowed before January 1, 2006, and did not remarry in 2006.

Married Filing Jointly – If any of the following is true:

- You were married as of December 31, 2006, even if you did not live with your spouse at the end of 2006;
- Your spouse died in 2006 and you did not remarry in 2006; or
- Your spouse died in 2007 before you filed a 2006 return.

Married Filing Separately

- Community property rules apply to the division of income if you use the married filing separately status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, FTB Pub. 1051A, Guidelines for Married Filing Separate Returns, or FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on page 59.
- You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.
- You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2006.

Head of Household is for unmarried individuals and certain married individuals living apart (considered unmarried) who provide a home for certain other persons. You are entitled to use the head of household filing status only if **all** of the following apply:

- You were unmarried or considered unmarried on December 31, 2006;
- You paid more than one-half the cost of keeping up a home for the year 2006;
- For more than half the year, your home was the main home for you and another person who lived with you;
- The other person was your qualifying relative; and
- You were not a nonresident alien at any time during the year.

Beginning in 2005, for a child to qualify as your foster child for head of household purposes, the child must either be placed with you by an authorized placement agency or by order of a court.

If you are unmarried, your unmarried child no longer qualifies you for head of household filing status if he or she is 19 years of age or older, is not a student, and has gross income equal to or greater than the federal exemption amount (\$3,300 in 2006). In addition, if you are unmarried, your unmarried child also no longer qualifies you for the status if he or she is under 19 years of age or a student under 24 and pays more than half of his or her own support.

For more information, go to our Website at www.ftb.ca.gov or get FTB Pub. 1540, California Head of Household Filing Status Information. See code **934** on page 59 to order FTB Pub. 1540 by telephone.